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FOR SENATORS LUGAR AND ROTH

E.O. 12356:07/09/94  
TAGS: PARM, PREL, OREP, NO  
SUBJECT: CODEL LUGAR: BRIEFING PAPER FOR NORWAY VISIT

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1. (C) ENTIRE TEXT.

2. THE NORWEGIANS WELCOME YOUR VISIT, AS WE AT EMBASSY OSLO DO. YOU WILL BE MEETING WITH FM STRAY AND DEFMIN SJAASTAD. PM WILLOCH, LIKE MOST NORWEGIANS, IS ABSENT ON HOLIDAY THIS MONTH. STRAY AND SJAASTAD ARE AWARE OF YOUR INTERESTS IN DEFENSE, NATO, SOVIET AND INTELLIGENCE QUESTIONS AND ARE PREPARED TO MAKE THESE THE FOCUS OF YR DISCUSSIONS. THEY WILL WANT TO HEAR YOUR VIEWS OF THE NUNN-ROTH AMENDMENT AND WILL WELCOME YOUR ASSURANCE OF CONTINUED U.S. COMMITMENT TO NATO. AT THE SAME TIME, IT IS IMPORTANT THAT YOU LEAVE BEHIND A CLEAR UNDERSTANDING OF THE DEPTH OF CONGRESSIONAL INTEREST IN STRENGTHENING NATO'S CONVENTIONAL DEFENSE AND THE IMPORTANCE OF TAKING SUCH VIEWS INTO ACCOUNT AS NATO DEFENSE DECISIONS ARE MADE.

EAST-WEST ISSUES

3. THE WILLOCH GOVERNMENT, WHICH HAS SUPPORTED NATO'S INF POSITION FIRMLY, IS NEVERTHELESS CONCERNED BY THE BREAKDOWN OF NUCLEAR ARMS CONTROL TALKS AND THE DETERIORATION OF U.S.-SOVIET RELATIONS. THE GOVERNMENT REALISTICALLY DOES NOT EXPECT ANY SUDDEN BREAKTHROUGH, AT LEAST UNTIL AFTER THE U.S. ELECTIONS; THE LEVEL OF PUBLIC UNEASINESS IS LOWER THAN ONE MIGHT EXPECT. THE U.S. IS CREDITED WITH HAVING OUT-MANEUVURED THE SOVIETS IN THE RECENT PUBLIC EXCHANGES OVER THE SOVIET'S PROPOSAL FOR ASAT TALKS IN VIENNA IN SEPTEMBER, AND THE GON HAS WELCOMED OUR CONTINUING EFFORTS IN DIPLOMATIC CHANNELS TO ARRANGE A SEPTEMBER MEETING. THE NORWEGIANS WILL BE INTERESTED

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IN YOUR VIEWS ON EAST-WEST RELATIONS AND PROSPECTS FOR  
RESUMING THE START/INF NEGOTIATIONS.

NORWEGIAN-SOVIET RELATIONS

4. NATO MEMBERSHIP AND PURSUIT OF A "LOW TENSION" POLICY  
IN BILATERAL RELATIONS ARE THE TWIN PILLARS OF NORWAY'S  
POLICY TOWARD THE SOVIET UNION. THE SOVIETS HAVE HAD NO  
SUCCESS IN INFLUENCING THE SECURITY POLICIES OF THE  
STRONGLY PRO-NATO AND PRO-U.S. WILLOCH GOVERNMENT.  
SOVIET-NORWEGIAN RELATIONS, WHICH ARE ONLY NOW BEGINNING  
TO RECOVER FROM THE EFFECTS OF A MAJOR SOVIET SPY CASE  
(TREHOLT) LAST JANUARY, ARE COOL BUT CORRECT.

5. THE NORWEGIANS WILL WANT TO EXPLAIN THEIR "LOW TENSION"  
POLICY WHICH AIMS AT INSULATING(THEIR)SOVIET-NORWEGIAN  
RELATIONS IN THE NORTH FROM THE SWINGS IN GENERAL EAST-  
WEST RELATIONS AND AT AVOIDING AN UNNECESSARILY PROVOC-  
ATIVE POSTURE TOWARDS THE SOVIETS. THEY COULD MENTION  
THEIR UNPRODUCTIVE NEGOTIATIONS ON DEFINING THE CONTI-  
NENTAL SHELF BOUNDARY IN THE BARENTS, SOVIET OVERTURES  
CONCERNING DEVELOPMENT OF PETROLEUM RESOURCES IN THE  
SOVIET PORTIONS OF THE BARENTS, AND CONTINUING SOVIET  
PROBING IN SVALBARD.

SOVIET NAVAL ACTIVITY

6. THE MAJOR SOVIET NAVAL EXERCISE IN THE BARENTS, WHICH  
OCCURRED AFTER NATO'S LARGEST MILITARY EXERCISE IN NORTH  
NORWAY IN MAY, WAS NOT SEEN AS DISTURBING OR PROVOCATIVE  
BY THE GON. SJAASTAD IS AWARE OF YOUR INTEREST IN  
INTELLIGENCE ISSUES AND WILL BE READY TO DISCUSS THIS  
EXERCISE WITH YOU. ALTHOUGH THERE HAS NOT BEEN A MAJOR  
SUSPECTED SOVIET SUBMARINE INCIDENT IN NORWEGIAN FJORDS  
SINCE SPRING 1983, THE INCIDENTS IN SWEDEN AND VARIOUS  
UNCONFIRMED SIGHTINGS IN NORWAY HAVE KEPT NORWEGIANS  
CONCERNED AND VIGILANT AGAINST SOVIET SUBMARINE ACTIVITY.

NATO AND DEFENSE SPENDING

7. NORWAY IS MEETING NATO SPENDING TARGETS. THE WILLOCH  
GOVERNMENT HAS COMMITTED ITSELF TO 3.5 PERCENT REAL  
GROWTH IN DEFENSE SPENDING, WHICH EXCEEDS THE NATO TARGET.  
WHILE THE PERCENTAGE OF GDP GOING TO DEFENSE IS 3.2  
(AND RISING), THIS FIGURE IS STILL BELOW THE AVERAGE  
OF EUROPEAN NATO COUNTRIES. AS THE MOST PROSPEROUS NATO  
COUNTRY WITH SIZABLE OIL INCOME, NORWAY CAN AFFORD TO DO  
MORE AND THERE ARE A VARIETY OF AREAS WHICH HAVE SUFFERED  
FROM SPENDING CONSTRAINTS.

FOR SENATORS LUGAR AND ROTH

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8. THE CONSERVATIVES WOULD LIKE TO INCREASE DEFENSE  
SPENDING EVEN MORE, BUT NEITHER THEIR COALITION PARTNERS  
NOR THE OPPOSITION IN THE LABOR PARTY IS WILLING TO DO  
SO BECAUSE OF THE NEED TO MAINTAIN SOCIAL PROGRAMS AND  
BECAUSE OF THE DIFFICULTY OF ACCURATELY PREDICTING THE  
LEVEL OF OIL INCOME. WHILE THE CONCEPT OF REDUCING NATO'S  
RELiance ON THE EARLY FIRST USE OF NUCLEAR WEAPONS AND  
RAISING THE NUCLEAR THRESHOLD ENJOYS NEAR UNANIMOUS  
ADHERENCE HERE, THIS HAS NOT TRANSLATED INTO ANY WILLING-  
NESS TO INCREASE FURTHER NORWAY'S DEFENSE EFFORT TO MOVE  
TOWARD THAT OBJECTIVE. YOUR VISIT PRESENTS AN OPPORTUNITY  
TO STRESS THAT THE ALLIANCE, EVEN THOSE MEETING ITS

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MINIMUM TARGETS, NEEDS TO DO MORE FOR CONVENTIONAL DEFENSE.

NUNN-ROTH AMENDMENT

9. THE COHEN AND NUNN-ROTH AMENDMENTS HAVE BEEN WIDELY NOTED. PM WILLOCH CRITICIZED THE NUNN-ROTH AMENDMENT'S APPROACH AS "UNDIPLOMATIC" AND NOTED PUBLICLY THAT IT HAD BEEN DEFEATED. THE CONSERVATIVE PRESS HAS HELPFULLY UNDERLINED THE IMPORTANCE OF CONGRESSIONAL CONCERN OVER THE LEVEL OF EUROPEAN DEFENSE SPENDING. STRAY, SJAASTAD, AND OTHERS WILL ALL WELCOME THE VIEWS EXPRESSED IN WASHINGTON BEFORE CODEL'S DEPARTURE ABOUT THE U.S. COMMITMENT TO NATO AND THEY WILL BE VERY INTERESTED IN YOUR EXPLANATION OF CONGRESSIONAL OPINIONS.

TWO-WAY STREET

10. IN THE CONTEXT OF DEFENSE SPENDING DISCUSSIONS, NORWEGIANS WILL UNDOUBTEDLY RAISE TWO-WAY STREET ISSUES. AS HEAD OF NATO'S EUROGROUP, DEFMIN SJAASTAD HAS SPOKEN RECENTLY FOR THE EUROPEAN NATO MEMBERS ON TWO-WAY STREET ISSUES. NORWAY CURRENTLY FACES AN IMBALANCE WITH THE U.S. THOUGH NORWAY'S IMBALANCE IS SOMEWHAT LESS THAN THE NATO AVERAGE, IT IS, NEVERTHELESS, A CAUSE FOR POLITICAL PRESSURE HERE. NORWAY IS MOST INTERESTED IN SELLING PENGUIN MISSILES TO THE NAVY AND ANTI-TANK WEAPONS TO THE ARMY. THE PROSPECTS FOR A SMALL FIRST-TIME PENGUIN SALE ARE ENCOURAGING.

SECURITY POLICY CONSENSUS

11. DURING 1983, THE OPPOSITION LABOR PARTY'S REJECTION OF INF DEPLOYMENTS AND ITS INTEREST IN A VARIETY OF DISARMAMENT ISSUES HAD CREATED UNCHARACTERISTIC DIVISIONS ON SECURITY POLICY ISSUES IN NORWAY. LABOR PARTY CHAIRMAN GRO HARLEM BRUNDTLAND USED THE OPPORTUNITY OF A STARTING STUDY AND DEBATE THIS MAY TO WORK OUT WITH THE GOVERNMENT A BROAD CONSENSUS REPORT ON SECURITY POLICY ISSUES SUCH AS NUCLEAR ARMS CONTROL, THE FREEZE, NATO STRATEGY, NORDIC NUCLEAR WEAPONS FREE ZONE, ETC. THE CONSENSUS REPORT IS FULLY CONSISTENT WITH NATO POLICY. BRUNDTLAND SAW THIS REPORT AS A VEHICLE FOR REAFFIRMING THE LABOR PARTY'S COMMITMENT TO NATO AND FOR DIFFUSING SECURITY POLICY CONTROVERSIES WHICH MIGHT HURT THE LABOR PARTY IN SEPTEMBER 1985 STARTING ELECTIONS. BRUNDTLAND'S DECISION TO REIN IN THE IMPULSES OF SOME IN LABOR'S LEFT WING TO PURSUE DISARMAMENT ISSUES UNILATERALLY IS IMPORTANT BECAUSE LABOR, NORWAY'S LARGEST PARTY, STANDS A GOOD CHANCE OF RETURNING TO POWER IN 1985.

EUROPEAN ISSUES

12. THE NORWEGIANS MAY DISCUSS EUROPEAN POLITICAL COOPERATION AND RECENT FRENCH INITIATIVES IN THE WEU, ASKING FOR U.S. VIEWS ON THE IMPLICATIONS FOR NATO OF POSSIBLE INCREASED EUROPEAN DEFENSE COOPERATION. AS MEMBERS OF NEITHER THE EC (HAVING VOTED AGAINST MEMBERSHIP IN 1972) NOR THE WEU, THE NORWEGIANS VIEW WITH SOME CONCERN EUROPEAN INITIATIVES ON SECURITY ISSUES IN FORA OTHER THAN NATO. THOUGH NORWAY HAS ATTEMPTED TO IMPROVE CONSULTATIONS PROCEDURES WITH THE EPC, THERE IS PRESENTLY SCANT PROSPECT OF A REVIVED EC MEMBERSHIP DEBATE IN NORWAY.

ENERGY

FOR SENATORS LUGAR AND ROTH

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13. CURRENT OFFSHORE PETROLEUM PRODUCTION (SPLIT EQUALLY BETWEEN OIL AND GAS) ACCOUNTS FOR 17 PERCENT OF GROSS DOMESTIC PRODUCT, OVER 20 PERCENT OF THE GOVERNMENT'S REVENUES AND AT LEAST ONE-THIRD OF EXPORT EARNINGS. ALL THE GAS AND OVER 80 PERCENT OF THE OIL ARE EXPORTED. NORWAY PRODUCES FROM RELATIVELY FEW BUT LARGE FIELDS, AND COSTS ARE HIGH AND INCREASING AS MORE AND MORE OF THEM ARE FOUND IN DEEPER WATER. FOURTEEN U.S. OIL COMPANIES HAVE SOME PRESENCE IN NORWAY. WHILE MORE NORWEGIAN GAS CANNOT SUBSTITUTE FOR SOVIET SUPPLIES IN THIS DECADE, NORWAY HAS AT LEAST TWO SIGNIFICANT UNDEVELOPED GAS FIELDS. PRELIMINARY AGREEMENT HAS BEEN REACHED WITH THE UK ON THE SALE OF GAS FROM THE SMALLER SLEIPNER FIELD, BUT THE BRITISH GOVERNMENT HAS BEEN SLOW TO APPROVE IT FOR A VARIETY OF REASONS. THE CONSENSUS IS THAT IT WILL EVENTUALLY DO SO. THE VAST TROLL FIELD IS IN VERY DEEP WATER AND WILL BE EXPENSIVE AND TECHNICALLY DIFFICULT TO DEVELOP. THE WAY HAS BEEN PAVED POLITICALLY, AND LONG AND ARDUOUS GAS SALES NEGOTIATIONS COULD BEGIN WITH CONTINENTAL PURCHASERS BY THE END OF THE YEAR. AT BEST, TROLL COULD BEGIN PRODUCING IN 1995. DEPENDENCE BY OUR ALLIES ON SOVIET SUPPLIES. THE EUROPEANS HAVE FORMALLY RECOGNIZED THIS IN PRINCIPLES ADOPTED BY THE IEA AND OECD.

CENTRAL AMERICA

14. THE NORWEGIANS MAY WELL ASK FOR YOUR VIEWS ON U.S. POLICY IN CENTRAL AMERICA, WHICH IS THE SUBJECT OF CONTINUING CONTROVERSY HERE. NORWAY'S MAJOR POLITICAL PARTIES HAVE ALL CRITICIZED WHAT THEY PERCEIVE AS A U.S. TENDENCY TO OVEREMPHASIZE THE EAST-WEST DIMENSION OF THE CONFLICT AND TO RELY TOO HEAVILY ON MILITARY SOLUTIONS. FM STRAY WAS RECENTLY CRITICIZED IN THE STORTING FOR HAVING APPEARED TO COUNTENANCE U.S. MILITARY INVOLVEMENT IN THE AREA. NORWAY HAS JUST DISPATCHED A "PEACE SHIP" BEARING GOVERNMENT-FUNDED FERTILIZER AND ELECTION MATERIALS FOR THE NICARAGUAN GOVERNMENT AND PRIVATELY FUNDED NEWSPRINT FOR LA PRENSA. DUARTE'S ELECTION AND THE STEPS DUARTE HAS TAKEN SINCE HAVE BEEN FAVORABLY RECEIVED IN NORWAY. AUSTAD

END OF MESSAGE

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